



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 07-25, Vermont State Income Tax Withholding

Date: June 13, 2007

To: Holders of TAXES (State of Vermont only)
Personnel User Groups
T&A Contact Points in Vermont

Beginning with wages paid for Pay Period 12, the National Finance Center (NFC) will make the following changes to the state of Vermont income tax withholdings:

- The exemption allowance will increase from \$3,300 to \$3,400.
- The Single and Married withholding tables will change.
- The dental and vision insurance program will be added to the nontaxable biweekly Federal Employees Health Benefits Plan payment section.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

MARK J. HAZUDA, Director
Government Employees Services Division

Vermont State Income Tax Information

State Abbreviation:	VT
State Tax Withholding State Code:	50
Acceptable Exemption Form:	W-4VT
Basis For Withholding:	Federal or State Exemptions
Acceptable Exemption Data:	S or M / Number of Exemptions
TSP Deferred:	Yes
Special Coding:	None
Additional Information:	If a state income tax certificate has not been processed or if a valid state exemption code is not present, the Federal exemptions will be used in the computation of state tax. Additional withholdings will be held at 27 percent of the Federal tax withheld and added to the state tax withholdings.

Withholding Formula ►(Effective Pay Period 12, 2007)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes ►dental and vision insurance program, and◄ flexible spending account – health care and dependent care deductions) from the amount computed in Step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 27 to obtain the annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the annual wages to compute taxable income:

$$\text{Exemption Allowance} = \text{►\$3,400◄} \times \text{Number of Exemptions}$$

6. Apply the taxable income computed in step 5 to the following table to determine the annual Vermont tax withholding:

**Tax Withholding Table
Single**

If the Amount of Taxable Income Is:		The Amount of Vermont Tax Withholding Should Be:			Of Excess Over:
Over:	But Not Over:				
\$ 0	\$ 2,650	\$ 0.00	plus	0.00%	\$ 0
2,650	►33,520	0.00	plus	3.60%	2,650
33,520	77,075	1,111.32	plus	7.20%	33,520
77,075	162,800	4,247.28	plus	8.50%	77,075
162,800	351,650	11,533.91	plus	9.00%	162,800
351,650	and over	28,530.41	plus	9.50%	351,650◄

If the Amount of Taxable Income Is:		Married		The Amount of Vermont Tax Withholding Should Be:		Of Excess Over:	
Over:	But Not Over:						
\$ 0	\$ 8,000	\$ 0.00	plus	0.00%	\$ 0		
8,000	58,900	0.00	plus	3.60%	8,000		
58,900	133,800	1,832.40	plus	7.20%	58,900		
133,800	203,150	7,225.20	plus	8.50%	133,800		
203,150	357,000	13,119.95	plus	9.00%	203,150		
357,000	and over	26,966.45	plus	9.50%	357,000		

7. Divide the annual tax withholding by 27 to obtain the biweekly Vermont tax withholding. If Federal exemptions were used and there are additional withholdings, proceed to step 8.
8. If additional Federal tax was withheld, multiply the additional amount by 27 percent and add that to the result of step 7 to obtain the biweekly Vermont tax withholding.